



DEPARTMENT OF  
BUDGET & MANAGEMENT  
AUDIT SERVICES CONTRACT (ASC) TORFP

KEY INFORMATION SUMMARY SHEET

*All Terms and Conditions of the Master Contract apply.*

<b>REQUESTING AGENCY:</b>	Office of the Attorney General (OAG)
<b>NAME OF AUDIT PROJECT:</b>	Review and Validate Claimed Financial Losses in the Proofs of Clam Submitted by State and Local Maryland Entities
<b>TORFP NO:</b>	ASC-2018-07-001 (OAG-2)
<b>MBE Participation Goal:</b>	Overall Certified MBE Participation Goal: 0 %
<b>VSBE Participation Goal:</b>	Overall Verified VSBE Participation Goal: 0 %
<b>SBR TORFP:</b>	<u>No</u>
<b>Agency's Living Wage Tier:</b>	<u>1</u>
<b>Is Non-Routine Travel Allowed (To Be Proposed?):</b>	<u>No</u>

**TORFP Release Date:** July 20, 2018

**TORFP Issuing Office:** Department of Budget and Management  
**Procurement Officer:** Pam Malech  
Office Phone: (410) 260-7338  
Facsimile: (410) 974-3274  
E-mail: [dbm.cmo@maryland.gov](mailto:dbm.cmo@maryland.gov)

**TOPs are to be submitted:** Attached to the DBM *MOVEit* Website at:  
<https://sftp.dbm.state.md.us>

**Pre-TOP Conference:** Thursday, August 2, 2018 at 10:00 a.m.  
200 St. Paul Place, Baltimore, MD 21202

*See Table of Contents Page for Directions*

**Closing Date and Time for TOP:** Tuesday, August 21, 2018 at 2:00 PM (Local Time)

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**Directions (Allow sufficient time for your commute and parking. *Fee'd Parking is available at local garages*):**

Contact Jan Stratton and Pam Malech to register all attendees of the Pre-TOP Conference no later than Monday, July 30 at 4:00 p.m. A list of attendees will be provided to building security personnel. When you arrive, ask for Jan Stratton and Security will call for an escort to the meeting room.

The OAG building has a parking garage and there is a parking garage next door. If you park in the building, you will need to take the elevators to the main lobby to reach the security desk. (The garage elevators service only the garage and do stop on floors where there is office space.)

**Contact Information:**                    **Jan Stratton**  
   **410-576-7938**  
   **Email: [jstratton@oag.state.md.us](mailto:jstratton@oag.state.md.us)**

## 1.0 PURPOSE

The purpose of this request by the OAG is to review, determine, calculate, and validate the claimed financial losses in eligible residential mortgage-based securities (“RMBS”), residential mortgage-related collateralized debt obligations (“CDOs”), and residential mortgage-related structured investment vehicles (“SIVs”) in the Proofs of Claim submitted by State and local Maryland governmental entities. The OAG has received these claims following a settlement with Deutsche Bank and anticipates possibly reaching similar RMBS settlements with other entities as well. The OAG seeks to assess the losses claimed prior to distributing Settlement Funds to the claimants.

## 2.0 TERMS & CONDITIONS

- 2.1 The Master Contract terms and conditions are fully applicable to this TORFP and are not usually repeated within the TORFP except for clarification. Please refer to the Master Contract’s RFP for details.
- 2.2 The sole contact for the ASC Master Contractors at release of the TORFP and until after Task Order Agreement (TOA) award is the DBM Contract Manager (See TORFP Key Information Summary Sheet). During the term of the TOA Award, the Agency TOM is the point of contact (See Scope of Work).
- 2.3 The TORFP requirements for Master Contractor TOP submission follow in Section 3. Section 6.0 General Requirements and **Attachment A-Scope of Work (SOW)** detail the project requirements.

## 3.0 TECHNICAL AND FINANCIAL FORMAT & SUBMISSION REQUIREMENTS

**Each Master Contractors shall prepare its Technical and Financial TOP responses as outlined within this section.**

- 3.1 Each Master Contractor receiving this AUDIT TORFP must submit within the AUDIT TORFP designated submission time as stated in the Key Information Summary Sheet with either a TOP for both Technical and Financial, or a completed form ‘*Audit Services Contract Master Contractor Comments for Not Submitting a Task Order Proposal.*’
- 3.2 The due date for submitting a TOP for this AUDIT TORFP is **documented on the Key Information Sheet**. Local time will be established as provided by the Department of Budget & Management’s Web system time stamp or email time stamp. The Contract Manager will not accept submissions after this date and time. The TOP is to be submitted to the DBM *MOVEit* website at: <https://sftp.dbm.state.md.us> using your firm’s logon and password. The “file name” in your TOP submission shall state the Master Contractor Firm’s Name and the TORFP’s complete labeled number. For John Smith Company submitting a technical file:  

Example: **John Smith-Tech-ASC-2018-07-001(OAG-2)**.
- 3.3 The TOPs must be submitted in two (2) separate files using either Adobe Acrobat files or a combination of Microsoft software files. Example: MS Word or Excel.

- a. The first file will be the TOP **Technical** response to this AUDIT TORFP and titled, “Master Contractor Firm’s Shortened Name-Tech-ASC-2018-07-001(OAG-2).”
- b. The second file will be the TOP **Financial** response to this AUDIT TORFP and titled, “Master Contractor Firm’s Shortened Name-Finl-ASC-2018-07-001(OAG-2).”

**3.4 Format for Technical TOP:** The Master Contractor’s **Technical**-TOP will be submitted in the following order.

3.4.1 The Master Contractor is to provide a Table of Contents and prepare and submit the TOP electronically in the following order with appropriately labeled sections. Items A through I are mandatory submissions for the Technical TOP. J, K and L are required submissions for the Technical TOP only if the item in the table is Marked for Submission in Section 3.4.2. A completed Attachment B-ASC Financial TOP Affidavit from this TORFP is mandatory for the Financial TOP submission:

**Technical TOP:**

- A** – Table of Contents;
- B** – Master Contractor’s Executive Summary;
- C** – Work Plan: *A concise summary of the Master Contractor’s abilities, services, and management of the TORFP that incorporates all the TORFP requirements. Also any pertinent information the Master Contractor seeks to document to the User Agency;*
- D** – TORFP Labor Category Summary Sheet (*Remember to attach resumes*);
- E** – Corporate and Staff Experience and Capabilities, plus References and Information for State Contracts;
- F** – Minority Business Enterprise (MBE) Participation (NA);
- G** – Veteran-owned Small Business Enterprise (VSBE) Participation (NA);
- H** – Conflict of Interest Affidavit;
- I** – Affidavit of Agreement Maryland Living Wage Requirements – Service Contract;
- J** – Economic Benefits;
- K** – Certificate of Confidentiality;
- L** – Non-Disclosure Agreement;
- M** – HIPAA Business Associate Agreement (NA);
- N** – Federal Funding (NA);
- O** – Department of Human Resources (DHR) Hiring Agreement (NA); and
- P** – Location of the Performance of Services Disclosure (NA).

**Financial TOP:**

**Attachment B** – ASC FINANCIAL TOP AFFIDAVIT (See separate MS Excel worksheet)

3.4.2 Summary of Required Attachments: Master Contractors, in addition to the TORFP, you will need to review, complete, and submit the following forms that are check marked [√]. Ensure that your TOP addresses each of the prescribed areas as part of your Work Plan. See the DBM Website for the downloadable forms (links are listed below). Other forms are for your informational use, or, are not specifically applicable to this TORFP.

**FOR TECHNICAL TOP SUBMISSION:**

	<b>FORMS</b>	<b>NOTES</b>
√	<b>A TOP's Labor Category Summary Sheet (D)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LaborCategorySummary.doc">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LaborCategorySummary.doc</a>	<b>Always Required</b>
NA	<b>MBE Participation Forms and Instructions (F)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/TORFP-MBE-DFORMSrevised3.1.2017.docx">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/TORFP-MBE-DFORMSrevised3.1.2017.docx</a>	<b>Always Required Unless TORFP MBE Participation Goal is Zero</b>
NA	<b>VSBE Participation Forms and Instructions (G)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/TORFP-VSBE-MFORMSrevised3.1.2017.docx">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/TORFP-VSBE-MFORMSrevised3.1.2017.docx</a>	<b>Always Required Unless TORFP VSBE Participation Goal is Zero</b>
√	<b>Conflict of Interest Affidavit and Disclosure and any subcontractor (H)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ConflictInterestAffidavit.doc">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ConflictInterestAffidavit.doc</a>	<b>Always Required</b>
√	<b>Affidavit of Agreement Maryland Living Wage Requirements: Instructions and Affidavit (I)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LivingWageRequirements.doc">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LivingWageRequirements.doc</a>	<b>Always Required</b>
√	<b>Economic Benefits Information for TOP (J)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/EconomicBenefitsForTOP.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/EconomicBenefitsForTOP.pdf</a>	<b>Always Required</b>
√	<b>Certificate of Confidentiality for Master Contractor and any subcontractor (K)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/CertificateConfidentiality.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/CertificateConfidentiality.pdf</a>	
√	<b>Non-Disclosure Agreement for Master Contractor and any subcontractor (L)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/NonDisclosureAgreement.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/NonDisclosureAgreement.pdf</a>	

	<b>FORMS</b>	<b>NOTES</b>
NA	<b>HIPAA Business Associate Agreement for Master Contractor and any subcontractor (M)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/HIPAABusinessAssociateAgreement.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/HIPAABusinessAssociateAgreement.pdf</a>	
NA	<b>Federal Funding Acknowledgement for Master Contractor (N)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/FederalFundsAcknowledgment.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/FederalFundsAcknowledgment.pdf</a>	<b>Required for TOAs valued at \$100K or more using federal funds</b>
NA	<b>DHR Hiring Agreement for Master Contractor (O)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/DHRHiringAgreement.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/DHRHiringAgreement.pdf</a>	
NA	<b>Location of the Performance of Services Disclosure for Master Contractor (P)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LocationPerformanceDisclosure.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/LocationPerformanceDisclosure.pdf</a>	<b>Required for TOAs valued at \$2.0M or greater</b>
√	<b>The Master Contract's Summary of Approved Labor Categories and Minimum Requirements -- Labor Category Table (4 pages)</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ASC_LaborCategories.pdf">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/ASC_LaborCategories.pdf</a>	<b>Always Required for correlation to the Labor Category Summary</b>
√ and Note	<b>Master Contractor Comments if No TOP is Submitted</b> <a href="http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/MCNoBidForm.doc">http://dbm.maryland.gov/proc-contracts/Documents/StatewideContracts/AuditServicesContract2015/MCNoBidForm.doc</a>	<b>Always Required if <u>NO</u> TOP is submitted</b>

**FOR FINANCIAL TOP SUBMISSION:**

√	<b>ATTACHMENT B-ASC FINANCIAL TOP AFFIDAVIT</b> (See separate MS Excel Worksheet)	<b>Always Required</b>
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**3.5 Technical Submission:**

If a Master Contractor elects to submit a TOP, the Master Contractor shall do so in conformance with the requirements of this AUDIT TORFP. In order to provide a 'technically sufficient' TOP, the Master Contractor must submit a technical portion for each of the following in this Subsection 3.5 that meets the requirements noted. **See also TOP format requirements in Section 3.0:**

- A. Provide a Table of Contents**
- B. Provide a concise Master Contractor's Executive Summary**
- C. Proposed Services - Work Plans:**

1. The proposed work plan shall provide a detailed discussion of capabilities and approach to address this TORFP's requirements outlined in Section 6-General TOP Requirements and Attachment A-Scope of Work. All tables must be totaled.
2. The proposed work plan shall include estimated task hours of effort, dates, time schedules, and assigned personnel by labor class-by Contract Year. See Section D.-Labor Category Summary Sheet For Proposed Personnel below.

The total number of hours shall equate to the total hours noted in the Attachment 1-Price Proposal - by Labor Classification/by Contract Year. Only hours may be shown in the Technical Proposal.

Note: The labeling of the labor classifications must adhere to the Master Contract's labor classifications. See Section 2.3.2 to review, '*The Master Contract's Summary of Approved Labor Categories and Minimum Requirements -- Labor Category Table (4 pages)*'

3. Non-Routine Travel: If Non-routine travel is applicable per the information in the Section 1.0 Key Information Summary Sheet and in Attachment A-SOW, and if the Master Contractor chooses to propose labor hours specific to Non-Routine Travel (beyond the identified 50-mile radius of the Agency site) in addition to the cost reimbursement for mileage, **the Work Plan must identify and incorporate any such labor hours by Labor Classification.** (See the ASC Master RFP, Section 3.4.4.E. (Travel).) Also see requirements for proposing regarding Non-Routine Travel below in D.3-Labor Category Summary Sheet.
4. Provide the names and titles of all key management personnel who will be involved with supervising the services rendered under this TOA.
5. **Describe the methodology for managing proposed estimates of hours and costs on an ongoing basis.**
6. Proposed facility: Identify contractor facilities including address, from which any work will be performed.
7. State Assistance: Provide an estimate of expectation concerning participation by the State Agency's team and/or information that the Master Contractor requires from the State Agency team.
8. Include known reporting deliverables as described by the SOW and the Master Contract requirements. See Section F. Minority Business Enterprise Participation

#### **D. Labor Category Summary Sheet**

##### **For Proposed Personnel:**

1. As a summary and part of its work plan, the Master Contractor must complete the form '*A TOP's Labor Category Summary Sheet.*' Attach a resume of each proposed personnel.

2. As backup to the summary and Work Plan, provide the total number of personnel by labor class, and total estimated hours of effort by labor class for all staff to include subcontractors.
3. Non-routine travel is not applicable to this TORFP.
4. Subcontractors: Identify all proposed subcontractors, including MBEs and VSBEs, and their full roles in the performance of this TOA.

**E. Corporate and Staff Experience and Capabilities**

1. **Provide information on past experience with similar projects.**
2. **Provide specific references to include:**
  - a) Name of organization.
  - b) Name, title, and telephone number of point-of-contact for the reference.
  - c) Contract Type, and Period of Performance of contract(s) supporting the reference.
  - d) The services provided, scope of the contract, performance objectives satisfied, and improvements made for the client (e.g. reduction in operation/maintenance costs while maintaining or improving current performance levels).
  - e) Whether the Master Contractor is still providing these services and if not, an explanation of why it is no longer providing the services to the client organization.
3. **References and Information for State Contracts:**

As part of its offer (and separate from the references to be listed for 'E.2.' above), each Offeror is to provide a list of all of its Master Contractor's contracts with any entity of the State of Maryland that it is currently performing or which have been completed within the last five (-5-) years. For each identified contract, the Offeror is to provide:

  - i. The State contracting entity;
  - ii. A brief description of the services/goods provided;
  - iii. The dollar value of the contract;
  - iv. The term of the contract;
  - v. The State employee contact person (name, title, telephone number, and email address);
  - vi. Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was/was not exercised.

Information obtained regarding the Offeror's level of performance on State contracts will be considered as part of the experience and past performance evaluation criteria of the TORFP.

If the Master Contractor has no open or past contract experience with the State of Maryland, so state.

**F. Minority Business Enterprise (MBE) Participation**

Minority Business Enterprise Goal - The MBE goal for this AUDIT TORFP is 0%.

**G. Veteran-owned Small Business Enterprise (VSBE) Participation**

Veteran-owned Small Business Enterprise Goal - The VSBE goal for this AUDIT TORFP is 0%.

**H. Conflict Of Interest**

The TOA Contractor will perform audit services as required by this AUDIT TORFP and must do so impartially and without any conflict of interest. All Master Contractors must submit a completed Conflict of Interest Affidavit with the technical portion of its TOP for their own firm staff plus any subcontractor staff that is proposed to be utilized for this TORFP activity. If the Procurement Officer makes a determination before award of a TOA, pursuant to the AUDIT TORFP that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of COMAR 21.05.08.08A, the Procurement Officer may reject a TOP under COMAR 21.06.02.03B.

All **possible** perceived conflicts of interest for the Master Contractor and ALL proposed subcontractors, must be clearly identified and described in the Technical TOP. **Complete** the *Conflict of Interest Affidavit and Disclosure* form. See Section 3.4.1 and 3.4.2 regarding the form, and Master Contract RFP Section 3.14.

**I. Affidavit of Agreement Maryland Living Wage Requirements-Service Contracts**

Submit a **completed** Affidavit of Agreement (Maryland Living Wage Requirements). See Section 3.4.2 above. If an area does not apply, write in N/A. Do not leave blank. Also see the Key Information Summary Sheet for the Living Wage Tier specific to this TORFP. The DLLR Website for Living Wage info:

<http://www.dllr.state.md.us/labor/prev/livingwage.shtml>

**J. Economic Benefits**

A Master Contractor shall submit with its Task Order Proposal (TOP) a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of its performance of the Task Order Agreement (TOA). Its TOP will be evaluated to assess the benefit to Maryland's economy specifically offered.

A Master Contractor's TOP that identifies specific benefits as being contractually enforceable commitments will be rated more favorably under the evaluation criteria for Economic Benefits than a TOP that does not identify specific benefits as contractual commitments, all other factors being equal.

The Master Contractor's TOP shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the task order term.

As applicable, for the full duration of the TOA, or until the commitment is satisfied, the Master Contractor shall provide to the procurement officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to

this section. If the Master Contractor is awarded the TOA, these benefit attainment reports shall be provided quarterly or other time period designated by Agency.

Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this TOA:

1. generic statements that the State will benefit from the Master Contractor's superior performance under the contract;
2. descriptions of the number of Master Contractor employees located in Maryland other than those that will be performing work under the TOA; or,
3. tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under the TOA.

Discussion of Maryland based employees or locations may be appropriate if the Master Contractor makes some projection or guarantee of increased or retained presence based upon being awarded the TOA.

**Examples of economic benefits to be derived from a TOA may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:**

- A. The TOA dollars to be recycled into Maryland's economy in support of the TOA, through the use of Maryland subcontractors, suppliers and joint venture partners.
- B. The number and types of jobs for Maryland residents resulting from the TOA. Indicate the approved Labor Category classifications, number of employees in each classification and the aggregate payroll to which the Master Contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.
- C. Tax revenues to be generated for Maryland and its political subdivisions as a result of the TOA. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the TOA.
- D. Subcontract dollars committed to current Maryland small businesses and MDOT certified MBEs.
- E. Other benefits to the Maryland economy which the Master Contractor promises will result from awarding the TOA to the Master Contractor, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the Task Order award. The Master Contractor may commit to benefits that are not directly attributable to the TOA, but for which the TOA award may serve as a catalyst or impetus.

**K. Certificate of Confidentiality**

Submit a completed Certificate of Confidentiality if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for confidentiality.

**L. Non-Disclosure Agreement**

Submit a completed Non-Disclosure Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for security and confidentiality.

**M. HIPAA Business Associate Agreement**

Submit a completed HIPAA Business Associate Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for security and confidentiality.

**N. Federal Funding Acknowledgement**

Submit a completed Non-Disclosure Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate policy and procedures for HIPAA confidentiality.

**O. DHR Hiring Agreement**

Submit a completed DHR Hiring Agreement if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should address its corporate hiring policy and procedures for utilizing this program through DHR.

**P. Location of the Performance of Services Disclosure**

Submit a completed Location of the Performance of Services Disclosure if it is so indicated in Section 3.4.2. The Master Contractor as Offeror should acknowledge the estimated value of the TOA is \$2.0M or higher.

**3.6 Financial Submission (SEPARATE SUBMISSION):**

- 3.6.1 As a separate submission, the Attachment B-ASC Financial TOP Affidavit must be completed and signed by the Master Contractor as Affiant and constitutes the Master Contractor's Not To Exceed Financial offer to the State on behalf of its firm, and which will be binding for the full term of the executed Task Order Agreement. Attachment B is a separate MS Excel Worksheet.
- 3.6.2 Based upon this TORFP's period of performance and the Master Contractor-Offeror's Work Plan, the Master Contractor-Offeror shall provide hours and prices for each of the labor categories as applicable to their Work Plan. These are the maximum prices the State will pay for all proposed labor categories. The prices that the Master Contractor utilizes can meet but not be greater than their approved Master Contract's established prices per Contract Year and Labor Category.
- 3.6.3 The total number of hours for each labor classification and in-total must be the same as noted in the Master Contractor's Technical Proposal/Work Plan.
- 3.6.4 Record Fully Loaded Fixed Hourly Labor Category Rates that are at, or less than the approved Master Contractor's Not-To-Exceed (NTE) rates under the Master Contract as applicable to the Work Plan for this TORFP. Record each rate to two decimal places. Example: \$ 25.00.
- 3.6.5 In completing the Financial TOP Affidavit, the Master Contractor's Financial Proposal will be based on a single 'Total Evaluated Price.'
- 3.6.6 If Non-Routine Travel is indicated in the Section 1.0-TORFP Key Information Summary Sheet, and initially allowed in the Agency's Attachment A-SOW, and then if the Master

Contractor chooses to propose Non-Routine Travel within the scope allowed by the ASC RFP, Section 3.4.4.E. (Travel), the travel dollars for mileage cost reimbursement must be estimated as a Not-To-Exceed and then incorporated into the Total Evaluated Price of the Financial TOP on the appropriate line. If there are no estimated dollars being proposed for Non-Routine Travel, enter zero dollars in Line 10.

Any associated labor hours must be estimated and a part of the Work Plan and information provided in 3.5.D.3, which will be reflected into the Financial TOP through the hours associated with the applicable Labor Categories.

## **4.0 EVALUATION CRITERIA FOR THIS TORFP**

**4.1 MBE:** The DBM Contract Manager will confirm that the forms as directed under Section 3.5 F above are provided with the Master Contractor's Technical TOP submission. If the forms TOP MBE Form A, Top MBE Form B, and Top MBE Form C have not been completed properly and submitted with the Master Contractor's TOP to this TORFP when due, the Master Contractor's TOP (Technical and Financial) will be rejected by the State.

**4.2 *Evaluation of Each Qualified Offeror's Technical and Financial Proposals***  
The Technical and Financial TOPs will be evaluated and have equal merit. Technical criteria will be based upon the criteria noted in 4.3. The Financial criteria will be evaluated for the Best (lowest) Total Evaluated Price.

**4.3 *Technical Criteria***  
The criteria to be applied to this TORFP are listed in descending order of importance:

4.3.1 Offeror's Overall Understanding and Response to the TORFP Requirements & Work Plan

4.3.2 Offeror's Experience and Capabilities

4.3.3 Economic Benefits

**4.4 *Financial Criteria***  
Financial TOPs will be evaluated separately. Master Contractors shall provide prices for all nine labor categories per the applicable Contract years that apply to this TORFP's period of performance, and for any applicable Non-Routine Travel. These are the maximum prices the State will pay for all proposed labor categories, and the Not-To-Exceed Travel dollars. The prices that the Master Contractor utilizes can meet but not be greater than their approved Master Contract's established prices per Labor Category and Contract Year.

**4.5 *Reciprocal Preference***  
Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland Contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Master Contractor as Offeror whose headquarters, principal Base of Operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement Contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

## **5.0 SELECTION PROCESS**

### **5.1 General Selection Process**

A Task Order Agreement (TOA) will be awarded in accordance with the competitive sealed proposals process under COMAR 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Master Contractors as “Offerors” judged potentially to be reasonably susceptible of being selected for award. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine a Master Contractor-Offeror to be not responsible or a Master Contractor-Offeror’s TOP to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of TOPs and the review of those TOPs. If the State finds a Master Contractor-Offeror to be not responsible or a Master Contractor-Offeror’s Technical TOP to be not reasonably susceptible of being selected for award, its Financial TOP will not be considered.

### **5.2 Selection Process Sequence**

- 5.2.1 The first step in the selection process will be an evaluation for technical merit. During this review oral presentations/discussions may be held. The purpose of such discussions will be to assure a full understanding of the State’s requirements and the Master Contractor-Offeror’s ability to perform, and to facilitate arrival at a Task Order Agreement that will be most advantageous to the State.
- 5.2.2 Master Contractor-Offerors shall confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of any discussions with the user Agency’s TOM/PO. Any such written clarification or change then becomes part of the Master Contractor-Offeror’s TOP and any TOA that is awarded.
- 5.2.3 The Financial TOP of each qualified Master Contractor-Offeror will be evaluated separately from its Technical TOP’s evaluation. After a review of the Financial TOPs of qualified Master Contractor-Offerors, the DBM Contract Manager or the Agency TOM/Procurement Officer may make clarification inquiries or again conduct discussions to further evaluate the Master Contractor-Offeror’s entire proposal.
- 5.2.4 When it is in the best interest of the State, the DBM Contract Manager or Agency TOM/Procurement Officer will request Master Contractor-Offerors who have submitted acceptable proposals to revise their initial TOPs and submit, in writing, Best and Final Offers (BAFOs).

### **5.3 Award Determination**

Upon completion of all evaluations, discussions, and reference checks, the DBM Contract Manager will recommend award of a Task Order Agreement (TOA) to the responsible technically qualified Master Contractor-Offeror who is reasonably susceptible of being selected for award based upon providing the State with the most advantageous offer. Task Order Agreements are only valid for the specific Task Order to which they apply, and must be managed within its specific period of performance (term), NTE price, and scope of work.

#### 5.4 Award Documentation

If the Master Contractor is awarded the Task Order Agreement (TOA), the TOA will be forwarded to the awardee and must be completed, signed, and submitted to the DBM Contracts Manager as original documents in triplicate.

#### 5.5 Execution of the TOA and Initial Notice-To-Proceed

Once the DBM Contract Manager has received and validated the signed TOA, the DBM Contract Manager will execute the TOA. Upon execution, the DBM Contract Manager will send the awardee an original document for their files along with an applicable, initial Notice To Proceed, and notify all Master Contractor-Offers of the award. Additional Notice-To-Proceeds may be utilized by the Requesting Agency's TOM per their discretion during the course of the TOA.

### 6.0 GENERAL TOP REQUIREMENTS (See also SOW)

**The TORFP and any subsequent TOA are fully subject to the ASC Master Contract's terms and conditions and are generally not repeated herein except for clarification. The requirements noted in this Section 6 are general TORFP requirements. See also Attachment A – Scope of Work.**

#### 6.1 Task Order Manager (TOM)

The assigned TOM to assure compliance with the TOA is: *Max Bauer, Assistant Attorney General, [mbrauer@oag.state.md.us](mailto:mbrauer@oag.state.md.us), 401-576-6950*. After TOA award, the TOM is the focal point for all correspondence and discussions with the contractor concerning technical direction and issues, and all technical direction that provides specific details and milestones. All deliverables must be submitted to and through TOM. The TOM acknowledges receipt of the deliverables, but this does not constitute approval for the deliverables. Approval for acceptance of the deliverables shall only be through the TOM. For any deliverable that does not receive acceptance, the TOM will provide written notification in writing of what is required to complete the deliverable to the State's satisfaction. The TOA Contractor must correct the deliverable to the State TOM's satisfaction and resubmit the deliverable for review and approval. Any deviation from this will result in the TOA Contractor performing at risk of non-payment for any unapproved services. Any change to this TOM position will be communicated in writing.

#### 6.2 Reporting and Presentations under the ASC for the TORFP

For specific reports and presentations required by the TORFP noted in Attachment A-Scope of Work, and any subsequent TOA, at a minimum each time a report is required as a deliverable, the following procedure will be followed and accounted for in the Master Contractor's Work Plan. Unless directed otherwise by the TOM at the Kick-Off meeting, the TOA Contractor shall prepare the documents in Microsoft products such as MS Word, MS Excel, MS PowerPoint, etc.:

- a. **Draft Reports:** The TOA Contractor shall prepare and present as requested a written Draft Report that includes as applicable, findings, conclusions, anomalies (such as questioned costs, etc.) and recommendation. The State Agency is especially interested in those recommendations that will improve their records and internal controls for themselves and each applicable stakeholder as directed by the TORFP.
- b. **Final Reports:** The Draft Report(s) shall reference and include all backup materials. The Draft Report(s) must be provided and presented to the TOM. Unless required

otherwise by the SOW, the TOA Contractor must plan within their Work Plan to incorporate the TOM's recommended edits into a Final Report (for each contract) due within ten (10) working days of the delivery and presentation to the TOM of the Draft Report(s).

- c. **Summary Report:** The TOA Contractor shall provide a Summary Report that summarizes the Final Report(s) in an Executive Summary that includes summaries for each category of: Findings, Conclusions, Anomalies, and Recommendations.
- d. **Presentations:** After delivery of the Final Reports and the Summary Report, the TOA Contractor shall support up to eight presentations to stakeholders and/or management entities as directed by the TOM, and at times and places as approved by the TOM. Support includes the written documentation, presentation materials, media (hardware and software), and staff. See the specific requirements within the TORFP SOW as it may alter the number and times presentations are required.

### 6.3 Auditing Standards

The TOA Contractor shall conduct the audit using generally accepted auditing standards; and accordingly, include such tests of the accounting records and such other auditing procedures as are considered necessary, and documenting the standards utilized in their reports.

### 6.4 Detailed Work Plan

6.4.1 As a general guideline, the Master Contractor as the TOA Contractor will accomplish the work under the TORFP/TOA in the following phases:

- Phase I: Kick-Off Meeting and Finalize the Detailed Work Plan;
- Phase II: Execution of the Final Detailed Work Plan Finalized in Phase I;
- Phase III: Draft Reports;
- Phase IV: Final Reports and Summary Report; and,
- Phase V: Presentations

6.4.2 The Detailed Work Plan must give a detailed description of the planned audit activities and a description of the audit approach/methodology for conducting reviews and for testing. The Final Detailed Work Plan is based upon the successful TOA Contractor's proposed solution that will be utilized as the Draft Work Plan.

6.4.3 The Draft and Final Detailed Work Plans must include the schedule of audits to be performed and estimate task hours of effort. The price in-total for all work effort shall not exceed the total Not-To-Exceed price in the TOA contractor's approved Task Order Proposal. Hours utilized must be aligned by the approved Labor Categories as proposed, unless a variation in the use of the hours has prior-approval from the TOM. However, even with a variation in the use of hours, the price shall not exceed the total price approved for the Task Order Agreement.

6.4.4 The Final Detailed Work Plan is a living document and the TOA Contractor has the responsibility to keep it up-to-date. All requested changes must have prior approval in writing from the TOM before their incorporation.

6.4.5 The Kick-Off Meeting and Final Detailed Work Plan:

- a. The TOA Contractor shall attend and support the initial Kick-Off Meeting that is to be held (unless there is prior approval for another time by the TOM) within approximately

15 working days after TOA Award and the initial Notice To Proceed (provided by the DBM Contract Manager). The TOA Contractor will provide the Draft Work Plan at the initial Kick-Off Meeting for discussion and input.

- b. The Final Detailed Work Plan shall actually be a summary plan that is made up of individual components specific to the audit services work as required by the SOW. The Final Detailed Work Plan and its components must demonstrate the timeline, resources and effort for completing each audit, the Draft Reports, Final Reports, and any presentations. The timeline and resources must acknowledge access to the State's resources as well. Unless pre-approved otherwise by the TOM in writing, the Final Detailed Work Plan is due within 5 working days of the Kick-Off Meeting.
- c. During Phase II execution, periodic meetings will be held with the TOM or a designee in order to notify the Agency of any issues, concerns or problems encountered. The initial schedule of these meetings and timing/format of status reports will be established at the Initial Kick-Off Meeting. Although the TOM directs the timing and format of the status meetings, it is anticipated that initial meetings between the State TOM/team and the TOA Contractor will be approximately weekly.
- d. Written Progress/Status Reports: The TOA Contractor is responsible to prepare written progress/status reports. The format and content of the weekly reports will be established at the initial Kick-Off Meeting. The TOA will establish a NTE ceiling dollar amount. The TOA Contractor must monitor invoiced amounts under the TOA. When a TOA is projected to reach 75% and 90% of the NTE ceiling dollar amount while performing a TOA, the TOA Contractor shall give notice to the TOM and the DBM Contract Manager that the TOA has reached, or is projected to reach the 75% and 90% level respectively. Each notice will also include an analysis of the TOA Contractor's ability to complete the project within the NTE ceiling amount. If the analysis concludes that the project cannot be completed within the NTE ceiling amount, the rationale for this conclusion must be provided, along with a projection of the amount that would be needed to complete the project. However, providing such a projection shall not obligate the State to change the NTE ceiling dollar amount. If a TOA Contractor reaches the TOA's NTE ceiling dollar amount, the TOA Contractor must stop performing any services for which it would seek payment beyond the NTE ceiling dollar amount. See again the ASC RFP's Section 3.4.3.2 for additional information.

#### 6.4.6 Master Contactor's Invoicing and Invoicing Report(s):

6.4.6.1 Invoices with applicable backup documentation are due to the TOM no later than the 10<sup>th</sup> of the calendar month for the proceeding month's expended Task Order Agreement activity, unless there is prior written approval by the TOM for another submission date for the specific month. For example, for the month of December 1 through December 31, 2017, all invoicing, MBE reports, and any monthly status reports as requested by the TOM are due to be submitted no later than January 10, 2018. Invoices shall be only for actual time worked during the reporting period.

6.4.6.2 Invoices shall include but not be limited to the following information: name and address of the TOA's applicable State Agency, Contractor's name, remittance address, federal

taxpayer identification, Invoice Period, Invoice Date, Invoice Number, and Total Amount Due and the Master Contractor's Blanket Purchase Order Number/The user Agency's Purchase Order Number(s).

6.4.6.3 The Total Amount Due for a TOA's invoice will be derived from the information detailed on the invoice. Invoices submitted without the required backup information will not be approved or processed for payment until the TOA Contractor provides the required information. Information required to be included:

1. The Labor Categories being billed and each applicable personnel's name; and,
2. The personnel's total hours for the month, and her/his applicable Hourly Rate.

6.4.6.4 For each invoice, the Contractor shall provide documentation that all the direct hours invoiced for its employees and subcontractors have actually been expended as documented, totally and productively, in the performance of the TOA. The employee time sheets or electronic time keeping records shall be certified by the Contractor to be the actual time worked by the employees and its subcontractors. The Master Contractor shall provide the invoice and its applicable documentation to the applicable TOM.

6.4.6.5 After the first invoice, subsequent invoices should document cumulative hours worked by Labor Category and cumulative dollars invoiced in order to coincide with the information reported on the NTE.

6.4.6.6 If Non-Routine Travel is approved in the TORFP/TOA, the Non-Routine Travel must be billed by the Contractor on a separate line item from the Labor Hours being invoiced. The TOA Contractor shall provide a separate line item, or separate invoice for any State Agency that requests a separate invoice for invoiced travel due to its accounting policies.

6.4.6.7 Only expended direct hours and expended dollars for Non-Routine Travel may be invoiced, and may not exceed those applicable NTE prices as indicated in the TOA. Any unexpended dollars for labor or Non-Routine Travel at the conclusion of the TOA are not invoiced and are considered forfeited.

## **6.5 Travel**

The Task Order Manager (TOM) shall determine the applicability of Routine Travel versus Non-Routine travel for a particular TOA, if it was originally a requirement of the TORFP. See this Section 1.0-TORFP's Key Information Summary Sheet for travel requirements.

## **6.6 Staffing**

As with all Master Contract and subsequent TOA requirements, staffing by the Master Contractor is governed by the ASC Master Contract. This includes its own staffing and those staff utilized through subcontractors.

6.6.1 The Master Contractor shall communicate with and manage its commitments to its subcontractor(s) and the State. See also the ASC Master Contract RFP Section 1.34: "Subcontractor Prompt Payment Policy".

6.6.2 For any subcontractors proposed on a TOA, the Master Contractor shall provide documentation upon the State's request of the written, signed and dated commitment between the Master Contractor and the subcontractor, and the specific agreed for scope of

work and commitment. The commitment must be in-place before the Master Contractor utilizes such subcontractor in a TOP. If at any point during the TORFP/TOP process that the Master Contractor becomes aware of a subcontractor's inability to perform the services as committed to and indicated in its TOP, the Master Contractor shall promptly document this in writing to the DBM Contract Manager. As this may affect the Master Contractor's ability to complete the applicable TOA, or receive a subsequent applicable TOA award, the DBM Contract Manager will provide written direction on any further process required to remedy the issue.

- 6.6.3 In response to each TORFP, the Master Contractor shall propose staff that is available at the time of the Master Contractor's TOP for the time period specified in the applicable TORFP. The staff that is proposed by the Master Contractor shall be the staff utilized if awarded the TOA. From the date that a TOP is received by the DBM Contract Manager (or designee), any subsequent changes to personnel requested by the Master Contractor must be done per the procedures outlined in the ASC Master Contract RFP Section 1.23: "Substitution of Personnel".
- 6.6.4 On a monthly basis, even if there is zero work effort performed or zero invoicing, the Master Contractor will give status reports for the prior month's activity per the TOA requirements until final deliverables and invoicing have been accepted and reported. In addition, the Master Contractor and their MBE subcontractor(s) must provide the TOM respectively, MBE D-4A and/or D-4B forms for Master Contractor activity and a MBE D-5 form directly from the MBE Subcontractor to the TOM for their activity.
- 6.6.5 On a monthly basis, even if there is zero work effort performed or zero invoicing, the Master Contractor will give status reports for the prior month's activity per the TOA requirements until final deliverables and invoicing have been accepted and reported. In addition, the Master Contractor and their VSBE subcontractor(s) must provide the TOM respectively, a VSBE M-3 form for Master Contractor activity and a VSBE M-4 form directly from the VSBE Subcontractor to the TOM for their activity.

## **6.7 DBM Contract Management**

The TOM manages the day-to-day operations of the TOA; however, neither the TOA Master Contractor nor the Agency TOM is authorized to make contractual changes to the TOA regarding over all period of performance, scope, labor categories, the Not-To-Exceed pricing, or MBE. Any questions concerning these types of issues must be addressed to the DBM Contract Manager.

## **6.8 Security**

- 6.8.1 Security Regarding Contractor-owned Computer Equipment: The TOA Contractor shall not connect any of its own equipment to an Agency's or State agent's LAN/WAN without prior written approval by the State. The State will provide equipment as necessary for support that entails connection to the State LAN/WAN, or give prior written approval as necessary for connection.
- 6.8.2 The TOA Contractor shall provide and fill-out any necessary paperwork for security access to sign on at the State's site if access is needed to the State's LAN/WAN, as directed and coordinated with the State's IT personnel through and by the TOM.
- 6.8.3 At all times at any facility, the TOA Contractor's personnel shall ensure cooperation with State site requirements which include: being prepared to be escorted at all times, any

specific security for that particular site, and providing information for badging and wearing the badge in a visual location at all times.

#### **6.9 Confidentiality / Non-Disclosure**

The Master Contractor and all associated staff and subcontractor personnel must keep confidential, all information learned during the performance of the TOA Contract. Any specific Confidentiality Agreement and/or Non-Disclosure Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by all staff (Master Contractor and subcontractors) as proposed by the Master Contactor under this TORFP.

#### **6.10 Living Wage**

See the Living Wage Tier applicable to this TORFP on the Key Information Summary Sheet.

A TORFP for services valued at \$100,000 or more under a State Master Contract may be subject to Title 18, State Finance and Procurement Article, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Attachment L-The Living Wage Requirements for Service Contracts). The Living Wage Law applies to each TOA issued under a TORFP. Each Task Order stands alone. If the Master Contractor fails to submit and complete the Living Wage Affidavit of Agreement with its response to a TORFP, the State may determine for that TORFP that the Master Contractor is not responsible.

Master Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at the rate specified by law which may be viewed on the Department of Labor, Licensing and Regulation website at: <http://www.dllr.maryland.gov/>.

The specific Living Wage rate is determined by whether a majority of services for a TORFP take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit issuing the TORFP pursuant to SFP §18-102 (d) shall assign the tier based upon where the recipients of the services are located. The tier determination will be made on the Task Order level and will be included in each TORFP. See the Affidavit of Agreement affixed as part of this RFP's Attachment L-The Living Wage Requirements for Service Contracts.

#### **6.11 HIPAA Business Associate Agreement**

The Master Contractor and all associated staff and subcontractor personnel must keep confidential, all information learned during the performance of the TOA Contract that pertains to HIPAA regulations. Any specific HIPAA Business Associate Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by all staff (Master Contractor and subcontractors) as proposed by the Master Contactor under this TORFP.

#### **6.12 Federal Funding Acknowledgement**

Any specific Federal Funding Acknowledgement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed

by the Master Contractor proposing to this TORFP. If the Task Order Agreement (TOA) includes Federal funds, the following provisions may apply:

- a. There are programmatic conditions that apply to TOAs due to federal funding.
- b. The total amount of federal funds allocated for the Agency is \$ (to be entered by requesting agency in the TORFP) in Maryland State fiscal year (to be entered by requesting agency in the TORFP). This amount represents (to be entered by requesting agency in the TORFP) % of all funds budgeted for the unit in that fiscal year. This does not necessarily represent the amount of funding available for any particular grant, contract, or solicitation.
- c. This TOA contains federal funds. The source of these federal funds is: (to be entered by requesting agency in the TORFP). The CFDA number is: (to be entered by requesting agency in the TORFP). The conditions that apply to all federal funds awarded by the Agency are contained in the Federal Funds Acknowledgement. Any additional conditions that apply to this particular federally-funded TOA are contained as supplements to the Federal Funds Acknowledgement and MC Offerors are to complete and submit the Attachments with their Task Order Proposal as instructed in the Attachments. Acceptance of this agreement indicates the MC Offeror's intent to comply with all conditions, which are part of this TOA.

### **6.13 Department of Human Resources (DHR) Hiring Agreement**

Any specific DHR Hiring Agreement that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by the Master Contractor proposing to this TORFP. If this TOA includes the DHR Hiring Agreement, the successful Master Contractor will be required to complete the agreement. This Affidavit must be provided within five (5) Business Days of notification of proposed TOA award.

### **6.14 Location of Performance of Services Disclosure**

Any specific Location of Performance of Services Disclosure that is required by the TORFP in Attachment A-SOW will be noted in Section 3.4.2 of this TORFP and must be completed by the Master Contractor proposing to this TORFP. For any TOA that is anticipated to have an estimated value of \$2,000,000 or more, a Location of the Performance of Services Disclosure is required.

## **ATTACHMENT A – SCOPE OF WORK**

### **1.0 Purpose**

The purpose of this request by the OAG is to review, determine, calculate, and validate the claimed financial losses in eligible residential mortgage-based securities (“RMBS”), residential mortgage-related collateralized debt obligations (“CDOs”), and residential mortgage-related structured investment vehicles (“SIVs”) in the Proofs of Claim submitted by State and local Maryland governmental entities. The OAG has received these claims following a settlement with Deutsche Bank and anticipates possibly reaching five similar RMBS settlements with other entities as well. The OAG seeks to assess the losses claimed prior to distributing Settlement Funds to the claimants.

For each settlement, the independent contractor must address the following areas, under the direction of OAG:

1. Confirm whether each investment claimed is a Covered Investment, based on eligibility information and criteria provided by the OAG;
2. Determine the proper methodology for calculating realized and unrealized losses in the Covered Investments;
3. Review and verify that supported documentation provided by each claimant supports the claimed unrealized or realized loss;
4. Discuss additional supporting documentation needs and questions directly with claimants, and obtain additional supporting documentation directly from claimants, as appropriate;
5. Calculate and determine the eligible realized or unrealized losses for each security claimed by each Maryland governmental entity using the proper methodology; and
6. Prepare a detailed report for the OAG for each settlement regarding the methodologies used and findings and respond to questions as needed. The contractor's initial report must contain a detailed description of the methodologies used to calculate both realized and unrealized losses (including equations), the exact supporting documentation obtained and used to calculate those losses, and any other specific sources of information used by the contractor in assessing losses. The report must include a written description and spreadsheets that provide (1) a summary of each entity's total claim, the contractor's recalculation, the total allowed claim, and an explanation for why any total allowed claim deviated from the original claim, and (2) a detailed sheet itemizing the securities claimed by each Maryland governmental entity and applying and detailing each component of the loss calculation equation on each security, including a calculation of the original claim in each security by each Maryland governmental entity, a re-calculation of the realized or unrealized losses claimed in each security by each Maryland governmental entity using the appropriate methodology; the variance between the original claim and the recalculate claim; and the total eligible claim for each security by each Maryland governmental entity, including the explanation for any variance.

## **2.0 Background**

On May 31, 2017, the Maryland Attorney General's Office settled allegations against Deutsche Bank ("DB"<sup>1</sup>) that DB violated Maryland laws in connection with their creation, pooling, structuring, sponsorship, arranging, formation, packaging, marketing, underwriting, sale, or issuance of residential mortgage-backed securities ("RMBS") and collateralized debt obligations comprising of RMBS ("CDOs of RMBS") to public investors in the State of Maryland. As a result of this settlement, DB paid \$15 million to a restitution fund that will be used to reimburse certain governmental investors (including government pension plans and trusts) for certain losses related to investments made directly in RMBS and CDP of RMBS offerings by DB (the "Settlement Funds").

The Attorney General is charged with administering the Settlement Funds. Pursuant to a claims process established by the Attorney General, the OAG will receive Proofs of Claim from State and local government entities seeking to recover the Settlement Funds. Combined, the Proofs of Claim are estimated to seek to recover losses related to several hundred different RMBS and CDOs of RMBS.

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<sup>1</sup> DB refers collectively to the following: Deutsche Bank Securities, Inc.; DB Structured Products, Inc.; Deutsche Alt-A Securities, Inc.; MIT Holdings, Inc.; and ACE Securities Corp., along with each entity's current and former parents, subsidiaries, and affiliates.

For the Proof of Claim process, the “Covered Time Period” is January 1, 2002 through January 1, 2009.<sup>2</sup> The “Covered Investments” are the RMBS and CDOs of RMBS created, pooled, structured, arranged, formed, packaged, marketed, underwritten, offered, sold, or issued by DB within the Covered Time Period and purchased with the claimant’s public funds.<sup>3</sup> A non-exhaustive list of the Covered Investments contained in the settlement is included as Attachment C.

The Proofs of Claim and supporting documentation provided will be available in PDF and, where appropriate, Excel format, a copy of which can be provided to the selected contractor subject to a confidentiality agreement. The specific supporting documentation provided will vary by claimant but generally will include brokerage statements, monthly investment transaction reports, or omnibus Excel transaction reports generated by the claimant’s independent investment advisor. The OAG has reserved the right to request additional supporting documentation and information from the claimants, and can coordinate with the selected contractor to request additional documentation from the claimants as needed.

The OAG may reach five additional, similar settlements with other entities. These settlements will likely be for different amounts than the Deutsche Bank settlement, but the scope of the claims process and settlement administration will be substantially similar.

**3.0 The Agency’s goal for this financial audit service is:** For each settlement, to have an independent contractor review, calculate, and verify claims to address the specific objectives. Outcomes expected include a report of findings that contains the following:

- 3.1 Executive summary:
  - 3.1.1 Purpose of the review;
  - 3.1.2 Scope of the review;
  - 3.1.3 Specific methodology used to conduct the review to include:
    - 3.1.3.1 Any qualitative and quantitative tests, including equation, performed by the contractor in re-calculating, determining, and verifying each loss.
    - 3.1.3.2 The specific supporting documentation and sources of information used to re-calculate, determine, and verify each loss; and
    - 3.1.3.3 A statement that the review was conducted in compliance with generally accepted auditing standards.
- 3.2 Findings:
  - 3.2.1 Specific, itemized findings regarding each security in each claimant’s Proof of Claim and the proper calculation of its eligible losses, including but not limited to:
    - 3.2.1.1 Calculation of the original claim in each security claimed by each Maryland government entity;
    - 3.2.1.2 Re-calculation of the realized or unrealized losses claimed in each security by each Maryland governmental entity using the appropriate methodology;

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<sup>2</sup> The Attorney General’s Office reserves the right to modify the Covered Time Period during the claims evaluation process.

<sup>3</sup> The Attorney General’s Office also will consider any investment made in a structured investment vehicle (“SIV”) created, originated, pooled, structured, arranged, formed, packaged, marketed, underwritten, sold, or issued by DB. RMBS, CDOs contained RMBS, or SIVs held by mutual funds owned by a claimant are not eligible as a Covered Investment.

- 3.2.1.3 The total eligible claim for each security by each Maryland government entity, including the explanation of any variance;
- 3.2.1.4 The variance between the original claim and the recalculated claim;
- 3.2.1.5 A detailed spreadsheet encompassing the above four items.
- 3.2.2 A summary of each entity's total claim, the contractor's recalculation, the total allowed claim, and an explanation for why any total allowed claim deviated from the original claim. This summary should also be provided in a table or spreadsheet.
- 3.2.3 Confirmation and certification that the contractor has reviewed the relevant documentation and that claimed losses have been verified as reliable and correct consistent with generally accepted financial standards.

To ensure transparency and clear communication, the contractor shall hold a weekly meeting or teleconference with the OAG to discuss initial findings, observations, and questions. The actual personnel performing the work on this project should be present during the meeting or teleconference, not just a supervisor or manager.

The contractor should provide the OAG with a **draft report no later than December 31, 2018**. The OAG will discuss the draft report with the contractor and any changes to the draft report will be discussed, agreed upon, and incorporated into the **final report no later than March 31, 2019**. The final report should be completed in Microsoft Word and Excel where applicable (such as charts and spreadsheets). A final report must also be provided in PDF document form.

**4.0** The Master Contractor will complete the requirements as indicated to meet the Agency's goal through the following objectives:

For each settlement, the contractor must address the following areas, under the direction of the OAG:

- 4.1 Confirm whether each investment claimed is a Covered Investment, based on eligibility information and criteria provided by the OAG.
- 4.2 Determine the proper methodology for calculating realized and unrealized losses in the Covered Investments.
- 4.3 Review and verify that supporting documentation provided by each claimant supports the claimed realized or unrealized loss.
- 4.4 Discuss additional supporting documentation needs and questions directly with claimants, and obtain additional supporting documentation directly from claimants, as appropriate.
- 4.5 Calculate and determined the eligible realized or unrealized losses for each security claimed by each Maryland governmental entity using the proper methodology.
- 4.6 Prepare a detailed report for the OAG regarding the methodologies used and findings and respond to questions as needed. The contractor's initial report must contain a detailed description of the methodologies used to calculate both realized and unrealized losses (including equations), the exact supporting documentation obtained and used to

calculate those losses, and any other specific sources of information used by the contractor in assessing losses. The report must include a written description and spreadsheets that provide (1) a summary of each entity's total claim, the contractor's recalculation, the total allowed claim, and an explanation for why any total allowed claim deviated from the original claim; and (2) a detailed sheet itemizing the securities claimed by each Maryland governmental entity and applying and detailing each component of the loss calculation equation on each security, including a calculation of the original claim in each security by each Maryland governmental entity, a re-calculation of the realized or unrealized losses claimed in each security by each Maryland governmental entity using the appropriate methodology, the variance between the original claim and the recalculated claim, and the total eligible claim for each security by each Maryland governmental entity, including the explanation for any variance.

- 5.0** In addition to the General Requirements documented in Section 6.0 of the TORFP, the Master Contractor must complete: N/A
- 6.0** The term of the Task Order Agreement Contract will begin upon a fully executed Task Order Agreement in conjunction with an initial Notice-To-Proceed issued by the DBM Contracts Management Office. Upon delivery and after State acceptance of the final deliverable, the term of the Task Order Agreement will end **July 31, 2020, or when the final Settlement has been completed (as indicated by OAG), whichever comes first.**
- 7.0** At the State's facility, it is anticipated that the following will be provided. Contractor will work off site with information provided by OAG under the provisions of the Confidentiality Agreement and Non-Disclosure Agreement.
- 8.0 Travel:** Non-Routine Travel is not applicable to this TORFP.
- 9.0 Certificate of Confidentiality:** All proposed staff of the Master Contractor's staff to include subcontractors is required to complete this form.
- 10.0 Non-Disclosure Agreement:** All proposed staff of the Master Contractor's staff to include subcontractors are required to complete this form. See the ASC DBM Website for a copy of this form.
- 11.0 HIPAA Business Associate Agreement:** All proposed staff of the Master Contractor's staff to include subcontractors is not required to complete this form.
- 12.0 Federal Funding Acknowledgement:** The Master Contractor is not required to complete this form.
- 13.0 DHR Hiring Agreement:** The Master Contractor is not required to complete this form.
- 14.0 Location of the Performance of Services Disclosure:** The Master Contractor is not required to complete this form.

***ATTACHMENT B – ASC FINANCIAL TOP AFFIDAVIT***

*Attachment B-The form ‘ASC Financial TOP Affidavit’ is a separate MS Excel file. Complete and submit as the Master Contractor’s Financial Submission as instructed in Section 3.6.*

***ATTACHMENT C – ANNEX C – RMBS and CDOs***

*Attachment C is a separate PDF file.*